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GENERAL

1. Hammaraskjold believes India and Burma will intervene on behalf of American prisoners in China:



UN secretary general Hammaraskjold has informed Ambassador Lodge that he has "solid reason to believe" Indian prime minister Nehru will intervene on behalf of American prisoners in Communist

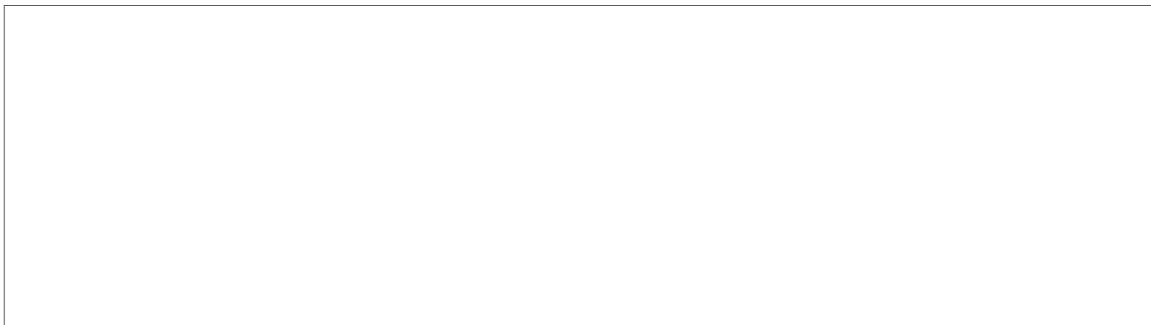
China. Hammaraskjold said he also believes he will be able to "activate" Burma.

Comment: Hammaraskjold apparently foresees Indian and Burmese intervention directly with Chou En-lai at the Afro-Asian conference which is to open on 18 April.

The Chinese Communists have been expected to release some of the 55 imprisoned or detained Americans during 1955 for propaganda purposes. In order to make such Asian neutrals as India and Burma more amenable to Communist purposes, Peiping may choose to co-ordinate the releases of some prisoners with representations from those governments.

SOUTHEAST ASIA

2. U Nu invites Ho to stop off in Rangoon on way to Afro-Asian conference:



Comment: Reports from the Burmese embassy in Peiping indicate that Chou will accept Nu's invitation.

[redacted] political questions would be more important than economic and cultural matters at the Bandung conference. A pre-conference meeting as proposed by Nu would provide an opportunity to find common ground on such political matters as Formosa, the Manila pact, and the banning of nuclear arms tests.

Premier Nasr, however, has indicated that the performance of his delegation would be satisfactory to the United States.

3. Comment on Vietnamese government clash with Binh Xuyen:

[redacted] An uneasy truce between government forces and the Binh Xuyen has been reached in Saigon. With at least 17 battalions of troops--approximately 13,000 men--in Saigon and environs against Binh Xuyen forces of some 3,000, the government appears to be in control following the outbreak on the night of 29-30 March. The bulk of the antigovernment Hoa Hao forces are still in western Cochinchina, and Diem claims to have won over two previously opposing generals, one from the Cao Dai sect and one from the Hoa Hao.

A serious threat to Diem's position, however, is the certain displeasure of Bao Dai with Diem's removal of the Saigon police from the control of the Binh Xuyen. The Binh Xuyen's armed attacks were in response to this act. The Binh Xuyen was awarded control of the police by Bao Dai a year ago--for a price--and it has since made itself the watchdog of Bao Dai's interests in Vietnam.

Meanwhile, French officials have expressed their concern with what they consider Diem's rashness in dealing with the sects. A high Paris official has proposed the formation of a new policy-making body which would in effect terminate Diem's influence and permit the entry into the government of some of Vietnam's foremost opportunists and fellow travelers.

4. British continue opposition to forceful suppression of Pathet Lao:



In commenting on the present situation in Laos, the British point out that the Laotian government may either forfeit "world opinion" by resorting to force to restore its authority over the provinces held by the Pathet Lao, or it may open the way to Communist domination of the whole country by making vital concessions in an attempt to secure a peaceful settlement.

A spokesman of the embassy in Washington stressed on 22 March the Foreign Office view that military action might be condemned by the International Control Commission, a development which Foreign Secretary Eden wants avoided "at all costs."

Comment: The British are anxious to avoid any situation which would appear to violate the spirit of the Geneva agreement. They are particularly concerned lest India be forced to align itself publicly against the Laotian government.

London's long-range hopes for checking the spread of Communism in Southeast Asia are based in large part on efforts to induce India to assume the major foreign influence role in the area.

SOUTH ASIA

5. Nehru reported "considerably disturbed" by New Delhi conference:



The British Foreign Office has informed the American embassy in London [redacted] that Prime Minister Nehru was ignorant of the background of the "Asian

Conference for the Relaxation of International Tension" when he gave his offhand assent for the holding of the Communist-sponsored meeting in New Delhi beginning 6 April. When Nehru recently learned the facts about the conference, he was reportedly "considerably disturbed."

According to the Foreign Office, Nehru has now ordered his government not to have any official contact with the leftist meeting, although he is permitting minimum courtesies to delegates who are also government officials.

Comment: This confirms earlier reports that India does not look with favor on the forthcoming leftist conference at New Delhi, though it has done nothing so far to restrict attendance.

Nehru's reported reaction might lead the government to curtail the activities of the delegates if it feels the meeting is likely to hurt Indian political objectives, particularly in reference to the Afro-Asian conference two weeks later in Indonesia.

NEAR EAST - AFRICA

6. Minister of Court Ala reported slated for Iranian premiership:

The Shah is ready to replace Prime Minister Zahedi with Minister of Court Ala,

The Shah has requested Zahedi to resign if he cannot resolve his differences with Abol Hassan Ebtehaj, director of the Seven-Year Plan.

Comment: The antipathies between Zahedi and Ebtehaj are probably too great to be reconciled, and the Shah apparently expects the prime minister to resign.

Ala is devoted to the Shah but is ill and ineffectual. His appointment would result in intensive political activity which would be likely to promote government instability.

Ala was prime minister for about six weeks in 1951. He was replaced by Mossadeq, who had outmaneuvered him during his premiership.

WESTERN EUROPE

7. Italian view of British policy reported:

[REDACTED] Italian premier Scelba and Foreign Minister Martino believe that the fundamental objective of British policy is to take the place of the United States in Europe, and to re-establish British leadership around the world, [REDACTED]

Martino is said to favor the alleged British view of bilateral European alliances and a soft policy toward the Soviet Union. Scelba, however, favors further European integration and desires close American support for this policy. [REDACTED]

Comment: Despite frequent reports of Martino's "pro-British" leanings, the Scelba government is determined to maintain close ties with the United States.

This reported version of British policy ignores the cardinal importance to Britain of the Anglo-American alliance and the strenuous British efforts to ensure continued American involvement on the Continent. London has always preferred intergovernmental co-operation to supranational institutions.

THE FORMOSA STRAITS

Report of the IAC Current Intelligence Group for the Formosa Straits Problem

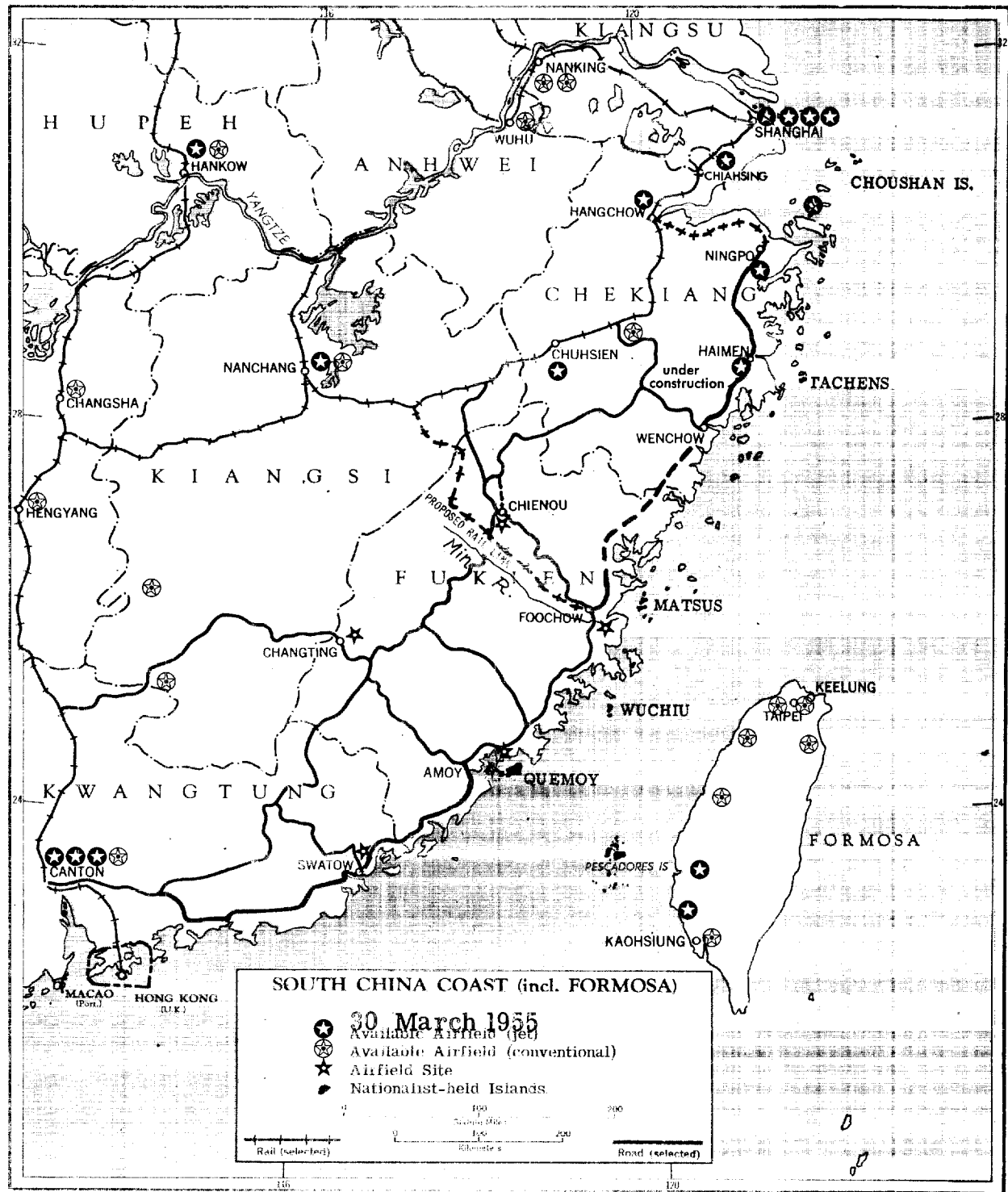
This report is based on information received in Washington up to 1100 hours 30 March 1955.

1. The lull in Formosan combat air operations was broken by Nationalist air attacks on nine Chinese Communist patrol boats in the Min River near Foochow on 30 March. Damage to three craft was claimed after a strafing attack. Although ten to twelve patrol boats have been known to be operating in the Foochow-Wenchow area, this is the first such concentration observed in the southern part of this area. The vessels are considered to have been engaged in logistic activity.

Except for this action, Chinese Nationalist air operations for the past week have been confined largely to patrols and reconnaissance. Chinese Communist air activity also has been at a low level. There have been no reports of Communist aircraft in the Formosa Strait area since 17 March.

2. During the past week the volume of Peiping propaganda dealing with Formosa showed a further decline from six to 2.5 percent of all internal broadcasts, equalling a previous low in November 1954.

The week's major Chinese Communist statement on Formosa was contained in a 25 March article by Mme. Sun Yat-sen, on the subject of coexistence. Mme. Sun restated the Chinese Communist position that the "liberation" of Formosa was a purely domestic matter except in so far as it involved "US aggression." She stated that proposals for "neutralization" of Formosa were totally unacceptable to Communist China. However, Mme. Sun's article was presumably designed to set the tone for propaganda preparatory to the Bandung Asian-Africa conference, at which the Chinese Communists are expected to stress strongly the theme of "peaceful coexistence."

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